Prefatory Note

The attached document represents the most complete and accurate version available based on original files from the FOMC Secretariat at the Board of Governors of the Federal Reserve System.

Please note that some material may have been redacted from this document if that material was received on a confidential basis. Redacted material is indicated by occasional gaps in the text or by gray boxes around non-text content. All redacted passages are exempt from disclosure under applicable provisions of the Freedom of Information Act.

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Class III FOMC - Internal (FR)

January 23, 2009

CURRENT ECONOMIC AND FINANCIAL CONDITIONS

Supplemental Notes

Prepared for the Federal Open Market Committee
by the staff of the Board of Governors of the Federal Reserve System

Contents

Selected Financial Market Quotations

(One-day quotes in percent except as noted)

Instrument	2007	2008		2009	Change to Jan. 22 from selected dates (percentage points)		
	Aug. 6	Oct. 28	Dec. 15	Jan. 22	2007 Aug. 6	2008 Oct. 28	2008 Dec. 15
Short-term							
FOMC intended federal funds rate	5.25	1.50	1.00	.13	-5.12	-1.37	-.87
Treasury bills[1]							
3-month	4.74	.76	.04	.10	-4.64	-.66	.06
6-month	4.72	1.23	.28	.29	-4.43	-.94	.01
Commercial paper (A1/P1 rates)[2]							
1-month	5.26	2.71	.53	.43	-4.83	-2.28	-.10
3-month	5.29	2.89	1.35	.62	-4.67	-2.27	-.73
Large negotiable CDs[1]							
3-month	5.34	3.63	1.85	1.07	-4.27	-2.56	-.78
6-month	5.27	3.73	2.24	1.57	-3.70	-2.16	-.67
Eurodollar deposits[3]							
1-month	5.33	3.75	1.50	1.00	-4.33	-2.75	-.50
3-month	5.35	4.50	2.55	1.80	-3.55	-2.70	-.75
Bank prime rate	8.25	4.50	4.00	3.25	-5.00	-1.25	-.75
Intermediate- and long-term							
U.S. Treasury[4]							
2-year	4.49	1.49	.48	.63	-3.86	-.86	.15
5-year	4.52	2.81	1.57	1.73	-2.79	-1.08	.16
10-year	4.82	4.43	3.08	3.21	-1.61	-1.22	.13
U.S. Treasury indexed notes[5]							
5-year	2.43	3.64	2.99	1.97	-.46	-1.67	-1.02
10-year	2.48	3.29	2.66	2.13	-.35	-1.16	-.53
Municipal general obligations (Bond Buyer)[6]	4.51	5.32	5.85	5.13	.62	-.19	-.72
Private instruments							
10-year swap	5.44	4.26	2.76	2.69	-2.75	-1.57	-.07
10-year FNMA[7]	5.34	5.36	3.50	3.76	-1.58	-1.60	.26
10-year AA[8]	6.12	8.26	6.86	6.23	.11	-2.03	-.63
10-year BBB[8]	6.57	9.77	9.59	9.07	2.50	-.70	-.52
10-year high yield[8]	9.21	16.27	18.30	15.82	6.61	-.45	-2.48
Home mortgages (FHLMC survey rate)							
30-year fixed	6.59	6.46	5.19	5.12	-1.47	-1.34	-.07
1-year adjustable	5.65	5.38	4.94	4.92	-.73	-.46	-.02

Stock exchange index	Record high		2008		2009	Change to Jan. 22 from selected dates (percent)		
	Level	Date	Oct. 28	Dec. 15	Jan. 22	Record high	2008 Oct. 28	2008 Dec. 15
Dow Jones Industrial	14,165	10-9-07	9,065	8,565	8,123	-42.65	-10.40	-5.16
S&P 500 Composite	1,565	10-9-07	941	869	828	-47.13	-12.02	-4.73
Nasdaq	5,049	3-10-00	1,649	1,508	1,465	-70.97	-11.15	-2.84
Russell 2000	856	7-13-07	483	453	443	-48.25	-8.23	-2.15
Wilshire 5000	15,807	10-9-07	9,341	8,664	8,338	-47.25	-10.74	-3.77

1. Secondary market.
2. Financial commercial paper.
3. Bid rates for Eurodollar deposits collected around 9:30 a.m. eastern time.
4. Derived from a smoothed Treasury yield curve estimated using off-the-run securities.
5. Derived from a smoothed Treasury yield curve estimated using all outstanding securities and adjusted for the carry effect.
6. Most recent Thursday quote.
7. Constant-maturity yields estimated from Fannie Mae domestic noncallable coupon securities.
8. Derived from smoothed corporate yield curves estimated using Merrill Lynch bond data.

NOTES:
August 6, 2007, is the day before the August 2007 FOMC meeting.
October 28, 2008, is the day before the October 2008 FOMC monetary policy announcement.
December 15, 2008, is the day before the most recent FOMC monetary policy announcement.
Data for the 3-month commercial paper rate on December 15, 2008, are from December 4, 2008, the most recent date for which a sufficient volume of new issues was available to calculate this rate.